Congress of the United States
Washington, DC 20515

December 10th, 2008

The Honorable Barney Frank, Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable David R. Obey, Chairman
Committee on Appropriations
H 215 Capitol
Washington, DC 20515

The Honorable John M. Spratt, Jr., Chairman
Committee on the Budget
207 Cannon House Office Building
Washington, DC 20515

Dear Chairmen Frank, Obey, and Spratt:

A record *ten percent of all American homeowners* with mortgages are either facing foreclosure or otherwise delinquent on their payments. Credit Suisse now estimates that 8.1 million families will lose their homes to foreclosure by the end of 2012. If the recession becomes severe, which seems increasingly possible every day, the number of foreclosures could rise to 10.2 million. Current voluntary efforts to modify delinquent mortgages are simply not working. Earlier this week, the chief regulator of national banks acknowledged that most U.S. mortgages modified in a voluntary effort to keep struggling borrowers in their homes and stem foreclosures fell back into delinquency within six months.

Voluntary mortgage modifications do not work in part because many mortgages have been securitized, which makes reaching an agreement among all those who have an interest in a mortgage extremely difficult. The problem is further compounded by the fact that some investors have sued while others have threatened to sue servicers if they modify these loans.

That is why the January stimulus package must include a provision to allow judicial modification of mortgages on primary residences. Under current bankruptcy law, virtually every type of loan can be modified (including loans secured by a car, boat, farm, or vacation home), *except* home mortgages. By correcting this anomaly, Congress will help between one quarter and one third of homeowners facing foreclosure save their homes. In addition, many others will be in a better position to negotiate a consensual agreement with their lenders, knowing that judicial modification is available. *And, this measure will not cost American taxpayers a single penny.*

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We can't afford to hesitate any longer. **We therefore urge you to include judicial mortgage modification in the January stimulus package.**

Sincerely,

Cc: The Honorable Nancy Pelosi, Speaker of the House
The Honorable George Miller, Chairman, Committee on Education and Labor
The Honorable John Conyers, Chairman, Committee on the Judiciary

List of Signatories as of January 27, 2009 (155):

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